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Agenda Item 19b

December 14, 2011

TO: MEMBERS OF THE BOARD OF ADMINISTRATION

- I. **SUBJECT:** Board Governance Project – Chief Executive Officer Delegation Resolution (Second Reading)
- II. **PROGRAM:** Board Governance
- III. **RECOMMENDATION:** Approve the Chief Executive Officer Delegation
- IV. **ANALYSIS:**

In September and October 2011, the Board approved governance changes, including new Board committee structures and Powers Reserved, to strengthen accountability, efficiency, and transparency. At the November 2011 Board of Administration meeting staff provided a first reading of the proposed Chief Executive Officer (CEO) Delegation Resolution. Additional language is being proposed to:

- Clarify the veto authority that the Board will retain over the CEO's personnel decisions for the Chief Financial Officer, Chief Actuary, and General Counsel;
- Delegate authority to the CEO to approve actuarial valuations and employer rates for public agencies consistent with actuarial policies, methods, and assumptions set by the Board; and
- Direct the CEO to delegate to the Chief Investment Officer (CIO) the authority to set the compensation for Investment Office employees, with the exception of the CIO, listed in Government Code section 20098, subject to final approval of the CEO.

The additional or changed language is presented in red and underlined text in the attached CEO Delegation Resolution (Attachment 1).

V. **RISKS:**

Failure to approve the revised CEO Delegation Resolution may result in unclear roles, responsibilities, and authorities between the Board and CEO, resulting in decreased accountability and effectiveness.

VI. STRATEGIC PLAN:

These Board Governance Initiatives support the following Strategic Plan Goals:

- Goal II – Foster a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability; and
- Goal III – Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.

VII. RESULTS/COSTS:

This CEO Delegation Resolution results in increased accountability and transparency in CalPERS operations and does not result in increased cost.

PETER H. MIXON
General Counsel

ANNE STAUSBOLL
Chief Executive Officer

Attachments